

U.S. Customs Service Office of Strategic Trade Regulatory Audit Division

PAS Internal Control Overview

Introduction

The Focused Assessment (FA) program is designed to assess a company's risk of noncompliance in Customs activities. The FA program consists of two parts, the Pre-Assessment Survey (PAS) and Assessment Compliance Testing (ACT). In order to assess the risk of noncompliance, an evaluation is made of the company's internal control during the PAS. If it is necessary to quantify the extent of noncompliance or loss of revenue, it may be necessary to proceed to the ACT process. This technical guide identifies tools that have been developed to use in the PAS process.

Internal Control Tools

The following tools, which have been developed to assist in the evaluation of adequacy of internal control for Customs compliance, are available in the FA Program documents:

1. PAS Internal Control Technical Guides. These tools are required to be used. They are the primary tools for the PAS process. A separate guide is provided for each review area, classification, value, each special trade program, special duty provision, etc.
2. Guidance for Using Risk Exposure to Determine Review Areas. This is a guidance document. It will help the FA team determine what review areas should be included in the FA. The purpose of the tool is to assure consistent, uniform reviews and limit the use of Customs resources to areas of true risk to Customs.
3. Consideration of Internal Control in a Customs Compliance Audit. This is a guidance document. It provides general guidance for Customs compliance audits of internal control. It includes general information about internal control and specific guidance for Customs auditors to use when evaluating the adequacy of internal control to assure compliance.
4. Internal Control Summary by Component. This tool is not required to be used. It is intended to help auditors evaluate whether internal controls are adequate for each control component for Regulatory Audit Management Information System (RAMIS) reporting.
5. Internal Control Management and Evaluation Tool. This tool is not required to be used. It is intended to help management and evaluators determine how well a company's internal control is designed and functioning, what improvements are needed, and where and how needed improvements may be implemented. This tool may be useful to evaluate internal control, particularly when auditing large, complex organizations that may require more complex internal control.
6. Guidance for the Internal Control Interviewing Process. This tool is not required to be used.

It is a guidance tool that provides example questions that can be used to obtain information needed to evaluate the adequacy of internal controls. The examples are intended to illustrate the type of questions that may be used to evaluate each internal control component and may be used as deemed necessary.

7. Sample Internal Control Manual. This tool is not intended to be all-inclusive or appropriate for all companies. It illustrates how some internal controls can be developed and organized in a typical midsize company.